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FM AMEMBASSY RIYADH

TO RUEHC/SECSTATE WASHDC IMMEDIATE 8712

INFO RUEHXK/ARAB ISRAELI COLLECTIVE IMMEDIATE

RUEHEE/ARAB LEAGUE COLLECTIVE IMMEDIATE

RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE IMMEDIATE

RUCNIRA/IRAN COLLECTIVE IMMEDIATE

RUCNRAQ/IRAQ COLLECTIVE IMMEDIATE

RUCNISL/ISLAMIC COLLECTIVE IMMEDIATE

RUEHGB/AMEMBASSY BAGHDAD IMMEDIATE 0685

RUEHMD/AMEMBASSY MADRID IMMEDIATE 0173

RUEHJI/AMCONSUL JEDDAH IMMEDIATE 9613

RUEHRH/CHUSMTM RIYADH SA IMMEDIATE

RUEAIIA/CIA WASHDC IMMEDIATE

RHMFISS/COMUSCENTAF SHAW AFB SC IMMEDIATE

RUCPDOC/DEPT OF COMMERCE WASHDC IMMEDIATE

RUEKDIA/DIA WASHINGTON DC IMMEDIATE

RHMFISS/HQ USCENTCOM MACDILL AFB FL IMMEDIATE

RUEKJCS/Joint STAFF WASHDC IMMEDIATE

RHEHNSC/NSC WASHDC IMMEDIATE

RUEKJCS/SECDEF WASHINGTON DC IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 02 RIYADH 001034

SIPDIS

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TAGS: [CIA](#) [ECON](#) [IR](#) [IS](#) [IZ](#) [MASS](#) [MCAP](#) [MOPS](#) [PGOV](#) [PINR](#)

PREL, SA

SUBJECT: SEN. KERRY IN SAUDI - IRAN, IRAQ AND OIL

Classified By: Ambassador Ford Fraker for reasons 1.4 (b) and (d)

¶1. (C) SUMMARY: Senator John Kerry (D-MA) traveled to the Kingdom on June 28-30 where he met with Saudi King Abdullah bin Abdulaziz Al Saud, Chief of General Intelligence Prince Muqrin Bin Abdulaziz Al Saud, Minister of Finance Dr. Ibrahim Al-Asaf, and Assistant Interior Minister for Security Affairs Prince Mohammed Bin Naif (MBN). The Ambassador and DCM accompanied to all these meetings. Discussions included Saudi views on the Iranian threat, their distrust of Iraqi Prime Minister Nuri Al-Maliki, progress against Al Qaeda, oil production and the Saudi riyal-dollar peg. The King elaborated on furthering global religious tolerance and combating extremism through the Inter-Faith Dialogue he launched, where the next step will be a multi-faith conference, including Christian, Jewish and Muslim representatives, scheduled for July 16 in Madrid (Septel).
END SUMMARY.

IRAN

¶3. (C) The Saudis were unanimous in their view that Iran was a growing threat with a goal of not just achieving greater influence but expansion of their sphere of control, citing "Syrian duplicity" in supporting Hezbollah and opposing the Lebanese government, and support to Yemeni insurgents leading to fighting along the Saudi-Yemen border. MBN expounded on the possibility of Iran gaining control of Mecca and Medina, Islam's two holy cities, that could occur if the Saudi government were toppled. They all acknowledged Iran's expansionist operations trying to convert Sunni Muslims to the Shi'ite sect, and subversive involvement in non-Arab Muslim areas such as Indonesia, Malaysia and sub-Saharan Africa. The King especially was vociferous in his condemnation of Syrian President Bashar Assad in aligning with Iran.

IRAQ

¶4. (C) Regarding Iraq, the Saudis acknowledged violence has been significantly reduced. As a sign of progress, Muqrin

informed us of the humanitarian assistance program he is devising with Iraqi National Security Advisor Mowafaq Rubaie (Septel). Al-Asaf was heartened the Iraqis were taking a more Arab nationalist view and putting sectarian differences aside, implying this meant Iran would lose influence in Iraq.

However, in all of the Iraq discussions, distrust and displeasure with the current Iraqi government was strongly expressed. MBN bemoaned the GOI's decision to execute Saddam Hussein at the height of the Hajj (Dec 30, 2006) when there were 4 million pilgrims in Mecca. He opined the potential of even small riots during this event could have led to a massive loss of life and tremendous damage during this highly publicized event on Saudi soil. Muqrin noted the King considered Maliki as untrustworthy because Maliki had reportedly promised the King to rein in the Shia militias in 2006, but had not done so (NOTE: the GOI, beginning with the Basra and Sadr City Iraqi Army led operations in March 2008, have now beaten down these militias). King Abdullah was most vehement in his distrust of Maliki, calling him "an Iranian 100%" and that the GOI has allowed "half of Iraq to become Iranian."

¶ 5. (C) The topic of the 500 mile long border security fence being built along Saudi Arabia's northern border with Iraq, which still has contracts pending, was raised. MBN highlighted the importance of this security initiative. Sen. Kerry requested that Raytheon, who is bidding on this contract, be given consideration on its bid. To which MBN responded that if Raytheon "gets its bid right," they would win the contract.

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COUNTERING AL QAEDA IN SAUDI

¶ 6. (C) The Saudis highlighted how in the past four years they have significantly degraded Al Qaeda's ability to conduct operations in Saudi Arabia. MBN characterized our bilateral relationship as "we are at war together against Al Qaeda," adding that political partisanship should not interfere in the mutually beneficial security operations we jointly conduct. Both Muqrin and MBN emphasized the close, effective working relationship and intelligence sharing they have with Riyadh GRPO and the FBI. MBN explained in detail how the SAG's de-radicalization program works, where it includes not attributing blame to the individual, rather describing them as being "misled" by Al Qaeda. Also that MOI works with the families and local tribes to rehabilitate the individual. At the same time, they are working hard to present a global image of the SAG as a force against, not for, terrorism. He cautioned that the biggest threat in Saudi Arabia is the annual Hajj, where millions of Muslims come to make the pilgrimage, and there is always the chance that some would overstay to commit terrorist acts.

OIL PRICES AND DOLLAR PEG

¶ 7. (C) Sen. Kerry raised the issue of oil prices and associated economics with Al-Asaf. Al-Asaf commented on issues relating to oil production, supply constraints and the impact of monetary policy on oil pricing. He explained Saudi Arabian leadership was reacting vigorously to the current high oil price climate, including expansion of oil production to eventually 12.5 million barrels per day and investments in refining capacity. Sen. Kerry queried Al-Asaf if the Saudi Riyal would remain pegged to the dollar (3.75 SAR = 1 USD). Al-Asaf assured us that there would be no change. Despite pressure to peg the riyal to the Euro or to a basket of currencies, Al-Asaf stated the Saudi-U.S. relationship is best served by maintaining the status quo in monetary policy.

Al-Asaf expressed concern of a deep recession in the U.S. this year with its subsequent global impact. Regarding our bilateral relationship, he advised that "Congress should be more flexible in U.S. arms sales to the Kingdom." Hinting

that he was pleased with the Administration, but resented Congress putting up barriers to agreed upon weapons purchases. He added that many of our bilateral issues could be smoothed over if the Israeli-Palestinian issue were resolved.

COMMENT

¶8. (C) Atmospherics during Sen. Kerry's visit were extremely positive. MBN's characterization that we are war together summed up the message from the Saudis emphasizing the strength of our relationship and the vast number of issues we do agree on.

FRAKER